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PUBLIC DISCLOSURE

JULY 22, 2002

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

COUNTRY BANK FOR SAVINGS

23992

75 MAIN STREET
WARE, MA 01082

DIVISION OF BANKS
ONE SOUTH STATION
BOSTON, MA 02110

<p>NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p>

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GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires the Division of Banks (Division) to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the Community Reinvestment Act (CRA) performance of **COUNTRY BANK FOR SAVINGS** prepared by the Massachusetts Division of Banks, the institution's supervisory agency, as of **JULY 22, 2002**. The Division evaluates performance in the assessment area(s), as they are defined by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The Division rates the CRA performance of an institution consistent with the provisions set forth in 209 CMR 46.00.

INSTITUTION'S CRA RATING: Country Bank for Savings is rated "High Satisfactory".

Country Bank for Savings's rating is based upon its performance under the three tests found in the CRA Large Institution Examination Procedures, including the Lending Test, the Investment Test and the Service Test.

Under the Lending Test, the bank's better than average performance under the seven lending criteria including: Lending Activity, Geographic Distribution, Borrower Characteristics, Community Development Lending, Innovative or Flexible Lending, Loss of Affordable Housing, and Fair Lending Practices contributed to its rating of High Satisfactory.

Under the Investment Test, the bank's level of investments and contributions was found to be more than reasonable and also resulted in a rating of High Satisfactory.

Under the Service Test, the bank has demonstrated a superior performance in regards to the provision of services, both retail and community development, and therefore was accorded a rating of Outstanding.

LENDING, INVESTMENT, AND SERVICE TEST TABLE

The following table indicates the performance level of **COUNTRY BANK FOR SAVINGS, WARE, MA**, with respect to the lending, investment, and service tests.

PERFORMANCE TESTS Country Bank for Savings			
Performance Levels	Lending Test*	Investment Test	Service Test
Outstanding			X
High Satisfactory	X	X	
Satisfactory			
Needs to Improve			
Substantial Non-Compliance			

*Note: The Lending Test is weighed more heavily than the Service and Investment Tests when arriving at an overall rating.

DESCRIPTION OF INSTITUTION

Country Bank for Savings is a community institution, incorporated under the laws of the Commonwealth of Massachusetts in 1850. The bank is headquartered in Ware, Massachusetts, and operates nine other full service offices located in the communities of Ware, Belchertown, Brimfield, Palmer, Wilbraham, Leicester, and West Brookfield. In addition, the bank maintains fourteen Automated Teller Machines (ATM), eleven at the branch locations as well as 1030 Stafford Street in Rochdale, 152 Main Street in Cherry Valley, 3 Boston Post Road in Brookfield, and Route 32 in Hardwick. On January 14, 2002, Country Bank for Savings opened a branch office facility and an ATM located in the Big Y supermarket at 425 Center Street in Ludlow. This facility, along with the branch located in the Wal Mart SuperCenter on Route 32 in Ware, offers extended hours on Saturdays and Sundays

As of its June 30, 2002 Federal Deposit Insurance Corporation's (FDIC) Quarterly Call Report, Country Bank for Savings had approximately \$861 million in assets. Of these total assets, approximately \$531 million or 61.6 percent were in the form of loans (net), which represents 65.1 percent of total earning assets of approximately \$815 million.

Refer to the following.

Country Bank for Savings' Loan Portfolio as of June 30, 2002	
Type of Loans	% of Total Loans
Construction & Land Development	2.3
Residential Real Estate	
a. 1-4 Family Mortgages	52.4
b. Home Equity Lines (includes second mortgages)	7.9
Multifamily	4.2
Commercial Loans	
a. Commercial Real Estate	16.4
b. Commercial & Industrial Loans	4.9
c. Agricultural Loans	0.0
Consumer Loans	
a. Credit Cards & Related Plans	0.0
b. Loans to Individuals/Other Loans	11.9
Total Loans	100.0

Source: FDIC Call Report, 06/30/02

As indicated, overall residential real estate lending represents the majority of the bank's portfolio at 64.5 percent. The second largest segment of the loan portfolio is commercial lending at 21.3 percent.

Country Bank for Savings offers home mortgage financing and refinancing through fixed and variable rate products, as well as construction loans, home equity loans, and Home Equity Lines of Credit. A wide variety of consumer loans are available including automobile (new and used), personal, and home improvement loans. Business and commercial lending is provided through commercial and industrial loans, including real estate secured mortgages, construction, equipment, and lines of credit.

There appears to be no legal or regulatory impediments that would effect the bank in meeting the needs of its community. The FDIC last conducted a CRA performance evaluation on March 6, 2000. That evaluation resulted in a "Satisfactory" rating. The Division of Banks conducted the previous Community Reinvestment Act (CRA) evaluation as of May 27, 1999. That examination resulted in a "High Satisfactory" rating.

DESCRIPTION OF ASSESSMENT AREA

The CRA regulation requires a financial institution to identify an assessment area in which it intends to focus its lending efforts. The following table reflects Country Bank for Savings' assessment area. Also included in the table are the HUD estimated Median Family Incomes (2000, 2001, and 2002) for the appropriate Metropolitan Statistical Areas (MSA).

Assessment Area by Metropolitan Statistical Area (MSA)								
Worcester MSA			Springfield MSA			Non-MSA		
Brimfield, Wales, Leicester, East Brookfield, West Brookfield, Holland, North Brookfield, Brookfield, and Spencer			Ware, Belchertown, Monson, Palmer, Wilbraham, and Ludlow			Hardwick, Warren, and New Braintree		
Median Family Incomes (\$)								
Worcester MSA			Springfield MSA			Non-MSA		
2000	2001	2002	2000	2001	2002	2000	2001	2002
54.400	57.000	58.400	47.500	49.700	50.700	48.000	50.500	52.100

Country Bank for Savings' assessment area contains twenty-two census tracts. Of those tracts, one is moderate-income, eighteen are middle-income, and three are upper-income. The following table reflects selected housing characteristics, based upon 1990 census data, for each of the census tract income groupings in Country Bank for Savings' assessment area.

Selected Housing Characteristics by Income Category of the Geography							
Geographic Income Category	Percentage						Median Home Value
	Census Tracts	Households	Housing Units	Owner-Occupied	Rental Units	Vacant Units	
Moderate	4.6	2.5	2.6	2.8	1.8	3.5	118,800
Middle	81.8	83.7	84.1	80.7	91.9	89.7	122,027
Upper	13.6	13.8	13.3	16.5	6.3	6.8	170,319
Total or Median	100.0	100.0	100.0	100.0	100.0	100.0	128,361

Source: U.S. Census

The one moderate-income census tract lies in the Town of Brookfield. As of the 1990 census, Brookfield has a total population of only 2,968 residents. The following table contains demographic data on the Town of Brookfield.

Town of Brookfield – Selected Demographic Data		
Housing Data		
Type of Housing Units	Number	Percentage
Owner-Occupied	910	73.4
Rental	214	17.3
Vacant	116	9.3
Total Units	1,240	100.0
Households by Income		
Incomes	Number	Percentage
Low	291	26.5
Moderate	205	18.7
Middle	317	28.9
Upper	285	25.9
Total	1,098	100.0
Families by Incomes		
Family Income	Number	Percentage
Low	176	21.5
Moderate	240	29.3
Middle	207	25.2
Upper	197	24.0
Total	820	100.0

Source: 1990 Census Data.

The small population and small number of households in Brookfield reflect the rural nature of the town. Of particular note are the significant levels of low and moderate-income households as well as the low and moderate-income families. By households, 496 or 45.2 percent are considered to

be low and moderate-income households. By families, 416 or 50.7 percent are considered to be low and moderate-income families.

Description of Aggregate Data Utilized/Lending Activity

HMDA Reportable Lending

Aggregate data, for HMDA purposes only, includes 283 mortgage companies, savings banks, commercial banks, cooperative banks, and credit unions which have originated and/or purchased at least one residential mortgage and/or home improvement loan within the bank's assessment area (source: PCI Services, Inc., CRA Wiz). Total number of originations/purchases received by these lenders in calendar year 2000 was 3,970. The top five lenders (in descending order) within Country Bank for Savings' assessment area in 2000 were: Sovereign Bank, 288 loans/7.3 percent share; Country Bank for Savings, 259 loans/6.5 percent share; Fleet National Bank, 217 loans/5.5 percent share; Spencer Savings Bank, 180 loans/4.5 percent share; and Countrywide Home Loans, 177 loans/4.4 percent share.

Small Business Lending

Aggregate data, for small business lending performance purposes only, constitutes 42 mortgage companies, savings banks, commercial banks, and cooperative banks which have originated and/or purchased small business loans within the bank's assessment area (source: PCI Services, Inc., CRA Wiz). Such lenders that are included in the aggregate data are required to report their small business lending data if they have assets over \$250 million. The total number of originations/purchases received by these lenders in calendar year 2000 was 17,681. The top five lenders (in descending order) within Country Bank for Savings' assessment area in 2000 were: GE Capital Financial, 3,802 loans/20.6 percent share; American Express Centurion, 3,556 loans/19.3 percent share; Capital One, FSB, 1,705 loans/9.2 percent share; Advanta Bank Corporation, 1,149 loans/6.2 percent share; and Universal Financial Corporation, 936 loans/5.1 percent share. Country Bank for Savings ranked 19th with 175 loans for a 1.0 percent share.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

Country Bank for Savings' Lending Test performance was rated an overall "High Satisfactory." The institution's lending efforts are rated under the seven major performance criteria: Lending Activity, Geographic Distribution, Borrower Characteristics, Community Development Lending, Innovative or Flexible Lending Practices, Fair Lending, and Loss of Affordable Housing. The following information details the data compiled and reviewed, as well as conclusions on the bank's performance.

Scope of Evaluation

The lending criterion evaluates the number and dollar volume of loans granted (or purchased) within the assessment area. The bank's credit products evaluated for this criterion are: (1) residential loans that are considered to be HMDA reportable loans and (2) small business loans reported on the CRA Data Report. Residential loans analyzed in the evaluation (HMDA reportable loans) include purchase mortgages, refinances of purchase mortgages, and mortgage loans secured by multifamily (5 units or more) dwellings. For the purposes herein, the period under review for HMDA reportable lending constitutes calendar years 2000 and 2001, as well as an interim period through July 20, 2002.

The CRA regulation defines a small business loan as "a loan with an original amount of \$1 million or less that are secured by non-farm nonresidential properties or; commercial and industrial loans to U.S. addressees." This definition is consistent with those found in the FDIC Call Report instructions. In addition, a small business is further defined as having gross annual revenues of \$1 million or less. For the purposes herein, the period under review for small business lending constitutes calendar years 2000 and 2001, as well as an interim period through July 19, 2002.

I. Lending Activity

The bank's lending activity as demonstrated by the ratio of its net loans to total assets was reviewed. This review incorporated calendar years 2000 and 2001 as well as the interim period ending June 30, 2002, as reflected in the bank's quarterly FDIC Call Reports.

The following illustrates Country Bank for Savings' net loan to total asset trends.

Country Bank for Savings' Loan to Asset Ratios*

Dates	Net Loans (000)	Total Assets (000)	Ratio (%)
December 30, 2000	478,690	727,341	65.8
December 30, 2001	531,121	811,069	65.5
June 30, 2002	530,630	860,856	61.6

* Source: FDIC Quarterly Call Reports.

Over the period reflected in the table, Country Bank for Savings' net loan portfolio increased by 10.9 percent while total assets grew by 18.4 percent.

It should be noted that the bank sold 279 mortgage loans totaling \$28,073,884 in 2001. That represented approximately 9.8 percent of the 1-4 family residential loan portfolio in 2001. Through June 30, 2002, the bank sold 254 mortgage loans totaling \$26,501,199 or 9.4 percent of the 1-4 family residential loan portfolio.

Comparisons of Country Bank for Savings' net loan to total assets ratio to that of area financial institutions was also performed. As of March 31, 2002, (latest comparative data available) Country Bank for Savings had total assets of \$843,438,000 and a net loan to total assets ratio of 62.5 percent. The net loan to total assets ratios of area institutions is reflected in the following table. Those institutions chosen for this analysis were among the top five FDIC insured lenders in market share within Country Bank for Savings' assessment area. The data presented is as of March 31, 2002.

Comparative Net Loan To Total Assets Ratios*		
Institution	Total Assets \$(000)	Net Loan to Total Assets Ratios (%)
Chicopee Savings Bank	291,859	79.1
Country Bank for Savings	843,438	62.5
Monson Savings Bank	131,706	74.4
Spencer Savings Bank	242,720	74.1
Ware Co-operative Bank	52,905	73.6

*As of March 31, 2002.

As the above table demonstrates, Country Bank for Savings is by far the largest local institution in its assessment area, by asset size. Although its loan to asset ratio appears lower than its competitors, this is assumed to be the result of the difference in asset size and appears to be more than reasonable.

HMDA Reportable Lending

Country Bank for Savings' HMDA reportable lending was reviewed to determine the amount of credit extended within the bank's assessment area. During the period reviewed, the bank originated and/or purchased 1,810 HMDA-reportable loans totaling \$218.5 million. Of this amount, 1,305 loans, or 72.1 percent of the number and \$138.7 million or 63.5 percent of the dollar volume was originated and/or purchased in the bank's assessment area.

By number, the Town of Ware accounted for the largest number of originations with 17.9 percent, followed by the Town of Palmer with 13.9 percent and the Town of Belchertown with 13.6 percent. Belchertown accounted for the largest dollar volume of originations with 15.1 percent, followed by Ware with 14.8 percent and Palmer with 12.2 percent. Refer to the following table for additional information regarding the banks HMDA reportable lending, by both number and dollar volume.

Distribution of Home Mortgage Loans Inside and Outside of the Assessment Area												
Year	Inside				Outside				Total			
	Number of Loans		Dollar Volume (000)		Number of Loans		Dollar Volume (000)		Number of Loans		Dollar Volume (000)	
	#	%	\$	%	#	%	\$	%	#	%	\$	%
2000	259	72.6	26,405	68.9	98	27.4	11,938	31.1	357	100.	38,343	100
2001	779	71.8	80,274	59.9	306	28.2	53,647	40.1	1,085	100	133,921	100
2002*	267	72.6	31,983	69.2	101	27.4	14,237	30.8	368	100	46,220	100
Total	1,305	72.1	138,662	63.5	505	27.9	79,822	36.5	1,810	100	218,484	100

Source: HMDA LAR, CRA Wiz

*Through July 20, 2002.

As reflected in the table, the bank experienced significant growth, both by number and by dollar volume in 2001. A large part of this growth occurred in the refinancing arena. Refinancings accounted for 64.2 percent of the number and 63.7 percent of the dollar volume of HMDA reportable originations inside the bank's assessment area in 2001. However, despite the overall growth, Country Bank for Savings maintained a majority of its HMDA reportable lending, both by number and by dollar, inside its assessment area. The bank's 2002 interim performance has already outpaced that of the entire calendar year 2000 performance.

It is this level of lending that earned Country Bank for Savings a ranking of number two out of 283 lenders, and a 6.5 percent market share in HMDA-reportable lending within its assessment area in 2000. The number one lender was Sovereign Bank, a large national financial institution.

Small Business Lending

Country Bank for Savings' small business lending was also reviewed to determine the amount of credit extended within its assessment area.

The bank originated 508 small business loans totaling \$42 million during the period reviewed. A total of 365 loans totaling \$20 million were originated to businesses within the bank's assessment area, representing 71.9 percent by number and 46.3 percent by dollar volume.

By number, the Town of Palmer accounted for the largest number of originations with 29.6 percent, followed by the Town of Ware with 16.4 percent and the Town of Belchertown with 15.6 percent. Palmer also accounted for the largest dollar volume of originations with 30.9 percent, followed by Belchertown with 17.8 percent and Ware with 17.2 percent.

Refer to the following table for additional information regarding the bank's small business lending, by both number and dollar volume.

Distribution of Small Business Lending Inside and Outside of the Assessment Area												
Year	Inside				Outside				Total			
	Number of Loans		Dollar Volume (000)		Number of Loans		Dollar Volume (000)		Number of Loans		Dollar Volume (000)	
	#	%	\$	%	#	%	\$	%	#	%	\$	%
2000	142	76.3	6,480	59.3	44	23.7	4,453	40.7	186	100	10,933	100
2001	136	70.1	7,791	39.6	58	29.9	11,890	60.4	194	100	19,681	100
2002*	87	68.0	5,252	45.5	41	32.0	6,294	54.5	128	100	11,546	100
Total	365	71.9	19,523	46.3	143	28.1	22,637	53.7	508	100	42,160	100

Source: CRA Data Reporting, CRA Wiz

* Through July 19, 2002.

Over the period examined there appears to be a disparity between the number of loans and the dollar amount of loans being made within the assessment area, a trend that appears to be consistent. In Year 2000, the bank made 76.3 percent of the number of loans and 59.3 percent of the dollar amount of loans in its assessment area; while in 2001 this variance increased to 70.1 percent of the number of loans and only 39.6 percent of the dollar amount of loans within the assessment area. The trend somewhat improved year to date 2002 with 68.0 percent of the number of loans and 45.5 percent of the dollar amount of loans being located within the assessment area. This data suggests that lending within the assessment, by number of loans, has been relatively constant, while lending opportunities outside the assessment area have required larger loan amounts as described further

In Year 2001, the bank granted 25.0 percent of the total dollar volume of its small business lending within the City of Worcester, which is located outside the assessment area. In interim 2002, this percentage was somewhat less at 11.1 percent. As previously discussed, the bank had a strong penetration of the dollar volume of its small business lending with 65.9 percent, overall, going to the towns of Palmer, Belchertown, and Ware within the assessment area. Although there is a slight concentration of the dollar volume of small business lending in the City of Worcester, this concentration appears to be reasonable since Worcester is contiguous to portions of the bank's assessment area and is the largest and closest urban/commercial community to the assessment area. Further, two of the bank's branch locations are on heavily traveled routes leading into the city from the assessment area thus providing visibility and accessibility both in and out of the city.

As indicated in the Performance Context of this Public Evaluation, Country Bank for Savings was ranked 19th (out of 42 lenders) with a 1.0 percent market share in small business lending within its assessment area in 2000.

Based upon the foregoing, Country Bank for Savings HMDA-reportable and small business lending to those communities within its assessment area is considered reasonable.

II. Geographic Distribution

Distribution of HMDA-Reportable Lending within the Assessment Area

Country Bank for Savings' HMDA-reportable lending within its assessment area was further analyzed to determine location by census tract income level. To reiterate, Country Bank for Savings' assessment area contains twenty-two census tracts. Of those tracts, 4.6 percent are moderate-income, 81.8 percent are middle-income, and 13.6 percent are upper-income. There are no low-income census tracts.

The following table presents the bank's performance as well as the 2000 aggregate data for HMDA-reportable lending. The table also provides the percentage of owner-occupied housing units in each of the census tract income categories (per 1990 census data).

Distribution of HMDA Loans by Income Category of the Census Tract										
Census Tracts	Owner-Occupied Units (%)	2000 Aggregate Data (% of #)	2000		2001		2002*		Total	
			#	%	#	%	#	%	#	%
Moderate	2.8	3.5	4	1.5	22	2.8	12	4.5	38	2.9
Middle	80.7	81.0	211	81.5	696	89.3	246	92.1	1,153	88.4
Upper	16.5	15.5	44	17.0	61	7.9	9	3.4	114	8.7
Total	100	100	259	100	779	100	267	100	1,305	100

Source: HMDA LAR, HMDA Aggregate Data

*Through July 20, 2002.

As indicated in the table, Country Bank for Savings' percentage of lending to the one moderate-income (2.9%) census tract is below that of the aggregate, however, lending in these tracts improves in subsequent periods. This is also true for the bank's percentage of lending by dollar volume in this one tract which grew from 1.4 percent in 2000 to 4.4 percent in the interim period. Nevertheless, the bank's lending distribution among census tracts is comparable to the distribution of owner-occupied units within each geography. Overall the bank made 2.9 percent of

its HMDA loans in the moderate-income census tracts this tract contains only 2.8 percent of owner-occupied housing units in the assessment area. Similarly, the bank made 88.4 percent of loans within the middle-income tracts, which represent 80.7 percent of all owner-occupied housing units.

By dollar volume in 2000, Country Bank for Savings originated 1.4 percent of its HMDA-reportable loans in the moderate-income census tract, 76.2 percent in the middle-income tracts, and 22.4 percent in the upper-income census tracts within its assessment area. The 2000 aggregate data by dollar volume was 3.5 percent in the moderate tract, 76.5 percent in the middle, and 20.0 percent in the upper-income census tracts.

In 2001, the loan dollar volume distribution was 3.2 percent in the one moderate-income census tract, 86.1 percent in the middle-income tracts, and 10.7 percent in the upper-income census tracts. For the interim 2002, the dollar volume was 4.4 percent moderate-income, 91.1 percent middle, and 4.5 percent upper-income census tracts.

Distribution of Small Business Lending within the Assessment Area

Country Bank for Savings' small business lending was also analyzed to determine the distribution by census tract income level within its assessment area. The following analysis also includes 2000 aggregate data (inclusive of Country Bank for Savings) of small business lending by percentage.

Distribution of Small Business Lending by Income Category of the Census Tract									
Census Tract Income Level	2000 Aggregate Lending Data (% of #)	2000		2001		2002*		Total	
		#	%	#	%	#	%	#	%
Moderate	2.0	2	1.4	1	0.7	0	0.0	3	0.8
Middle	73.0	128	90.1	125	91.9	74	85.1	327	89.6
Upper	25.0	12	8.5	10	7.4	13	14.9	35	9.6
Total	100	142	100	136	100	87	100	365	100

Source: CRA Wiz ,CRA Data Collection.

* Through July 19, 2002.

By dollar volume, Country Bank for Savings originated 4.1 percent of its small business lending in the one moderate-income tract in 2000. This compares very favorably to the 2000 aggregate lending of 0.8 percent to that tract. Further, the bank granted 2.6 percent of its small business lending dollars in the moderate-income tract in 2001.

As indicated, the bank's small business lending, by number, is below that of the aggregate in 2000, and the volume declines in the subsequent periods. However, as previously discussed in

the Performance Context of this Public Evaluation, the Town of Brookfield constitutes the one moderate-income census tract. The town is rural in nature, with limited small business opportunities.

The preponderance of census tracts in the bank's assessment area are of the middle-income category, and, as depicted in the previous table, the bank far exceeded aggregate and continued to maintain a strong performance in those tracts. By dollar volume, Country Bank for Savings originated 89.6 percent of its small business lending to the middle-income tracts in 2000. This also compares very favorably to the 2000 aggregate lending of 73.0 percent to those tracts. Further, the bank granted 94.4 percent and 75.9 percent of its small business lending dollars to the middle-income tracts in 2001 and interim 2002, respectively.

Based upon the previous analyses, Country Bank for Savings' HMDA reportable and small business lending distribution within its assessment area, by geography, is considered reasonable.

III. Borrower Characteristics

HMDA Reportable Lending

An analysis of HMDA reportable lending extended within Country Bank for Savings' assessment area among various borrower income levels was performed. Originations were categorized by the ratio of the applicant's reported income to the 2001 estimated median family incomes of the appropriate MSA (refer to the Performance Context Section).

Low income is defined by the US Census Bureau as income below 50 percent of the median family income level for the MSA. Moderate income is defined as 50 to 79 percent of the median family income. Middle income is defined as income between 80 and 119 percent of the median family income. Upper income is defined as income greater than 120 percent of the median family income.

The following analysis also includes 2000 aggregate data (exclusive of Country Bank for Savings) of HMDA-reportable lending by percentage as well as demographic data on the percentage of total households (per 1990 census data) in the assessment area in each respective income group.

Refer to the following.

Distribution of HMDA Loans by Borrower Income						
Median Family Income Level	% of Total Households	2000 Aggregate Lending Data (% of #)	2000	2001	2002*	Total
			12			

			#	%	#	%	#	%	#	%
Low	20.5	3.4	11	4.2	36	4.6	13	4.9	60	4.6
Moderate	14.7	16.1	37	14.3	133	17.1	40	15.0	210	16.1
Middle	20.9	26.1	68	26.3	198	25.4	69	25.8	335	25.7
Upper	43.9	36.9	137	52.9	371	47.6	135	50.6	643	49.3
NA	0.0	17.5	6	2.3	41	5.3	10	3.7	57	4.3
Total	100	100	259	100	779	100	267	100	1,305	100

Source: HMDA LAR, HMDA Aggregate Data

*Through July 20, 2002.

The table above indicates a high percentage of low-income households. Included in the low-income category are 3,231 households within the bank's assessment area whose income is considered to be below poverty level, and thus, unlikely to qualify for a HMDA reportable loan. If that category were adjusted to reflect this fact, the number of low-income family households within the bank's assessment area would be decreased from 9,082 to 5,851 or 14.3 percent.

It should be noted that those originations designated as not applicable loans are either:

- The borrowers' income was not taken into account when granting the loan;
- The borrower is an employee; or
- The loan was purchased.

Country Bank for Savings has demonstrated an adequate dispersion of loans among borrowers of different income levels. Over the period examined, the bank made 4.6 percent of its loans to low-income borrowers and 16.1 percent to moderate-income borrowers...While the distribution to low-income households falls well below their representation, the distribution to moderate-income borrowers at 16.1 percent exceeds the percentage of households falling in that category or 14.7 percent. The majority of loans were made to upper-income borrowers or 49.3 percent, while 25.7 percent of all loans were made to middle-income borrowers. The distribution to upper and middle-income borrowers is roughly consistent with the proportion of households occurring in those income levels.

By dollar volume in 2000, Country Bank for Savings originated 1.4 percent of its HMDA reportable loans to low-income borrowers, 8.7 percent to moderate-income borrowers, 23.5 percent to middle-income borrowers, 64.9 percent to upper-income borrowers, and 1.5 percent to borrowers with no income designation.

In 2001 by dollar volume Country Bank for Savings originated 2.2 percent of its HMDA reportable loans to low-income borrowers, 12.1 percent to moderate-income borrowers, 22.5 percent to middle-income borrowers, 57.2 percent to upper-income borrowers, and 6.0 percent to borrowers with no income designation. The interim 2002 HMDA reportable lending by dollar volume was 2.2 percent to low-income borrowers, 9.7 percent to moderate-income borrowers, 22.3 percent to

borrowers of middle-income, 58.4 percent to upper-income borrowers, and 7.4 percent to borrowers that had no income designation.

As indicated in the table above, Country Bank for Savings' percentage of lending to low-income borrowers exceeded the aggregate in 2000 and its percentage of lending to low-income borrowers has increased yearly since then. However, the bank's percentage of lending to borrowers of moderate-income is below that of aggregate, although consistent with household demographics. The bank's lending by dollar volume to borrowers of low and moderate-income is below that of aggregate in 2000 but reflects an improving trend in 2001.

Analysis of Small Business Lending by Loan Amount

An analysis of Country Bank for Savings' small business lending extended within the bank's assessment area by loan amount was performed. The following reflects the results of such analysis. In addition, the 2000 aggregate data for small business lending (inclusive of Country Bank for Savings) by percentage was also included.

Distribution of Small Business Loans by Loan Size									
Loan Size (000s)	Aggregate Data % of #	2000		2001		2002*		Total	
		#	%	#	%	#	%	#	%
< \$100	95.0	127	89.4	114	83.8	75	86.2	316	86.6
\$100 - \$250	2.9	15	10.6	20	14.7	10	11.5	45	12.3
> \$250 - 1,000	2.1	0	0.0	2	1.5	2	2.3	4	1.1
Total	100	142	100	136	100	87	100	365	100

Source: CRA Wiz ,CRA Data Collection.

* Through July 19, 2002.

By dollar volume in 2000, Country Bank for Savings originated 59.1 percent of its small business lending in amounts of \$100,000 or less and 40.9 percent in amounts of between \$100,001 and \$250,000. This level of small business lending exceeded aggregate which granted 42.1 percent of its dollars in amounts of \$100,000 or less and 20.1 percent in amounts of between \$100,001 and \$250,000.

By dollar volume in 2001, Country Bank for Savings originated 46.2 percent of its small business lending in amounts of \$100,000 or less and 41.1 percent in amounts of between \$100,001 and \$250,000. The bank's interim 2002 small business lending by dollar volume was 47.3 percent in amounts of \$100,000 or less and 37.8 percent in amounts of between \$100,001 and \$250,000.

As indicated above, the majority of the bank's small business lending was in the form of smaller loans. For the period examined, 86.6 percent of all loans were made in amounts under \$100,000 and 98.9 percent were under \$250,000. While Country Bank performed somewhat below the

aggregate in year 2000 making 89.4 percent of its loans in amounts under \$100,000 versus the aggregate performance of 95.0 percent. its total small business lending appears to adequately address the needs of businesses for small loans.

Analysis of Small Business Lending by Revenue

Country Bank for Savings' small business lending was further analyzed by revenue of the business. Again, the 2000 aggregate data was also included. Refer to the following table

Distribution of Small Business Loans by Gross Annual Revenues of Business									
Gross Annual Revenues (000s)	Aggregate Data % of #	2000		2001		2002*		Total	
		#	%	#	%	#	%	#	%
<= \$1,000	34.3	118	83.1	108	79.4	70	80.5	296	81.1
> \$1,000	65.7	24	16.9	28	20.6	17	19.5	69	18.9
Total	100	142	100	136	100	87	100	365	100

Source: CRA Wiz ,CRA Data Collection.

* Through July 19, 2002.

As indicated in the above table, the majority of the bank's small business loans at 81.1 percent went to businesses with revenues less than \$1 million. Further, Country Bank for Savings performance far exceeded that of aggregate in 2000.

By dollar volume in 2000, Country Bank for Savings originated 70.0 percent of its small business loans to businesses with revenues less than \$1 million, far exceeding the aggregate, which made 43.1 percent of its dollar volume to businesses with revenues less than \$1 million.

By dollar volume in 2001, Country Bank for Savings originated 66.3 percent of its small business loans to businesses with revenues less than \$1 million, and the interim period 2002 small business lending by dollar volume was 71.2 percent to businesses in that category.

As a result of the previous analyses, Country Bank for Savings' HMDA- reportable lending to borrowers of low and moderate-income and its small business lending in smaller dollar amounts within its assessment area is considered reasonable. The bank's lending to small businesses with revenues less than \$1 million is considered strong.

IV. Community Development Lending

Country Bank for Savings has provided loans to various organizations for community development purposes. As defined in the CRA regulation, a community development purpose is: affordable housing for low and moderate-income individuals, community services targeted to low and moderate-income individuals, activities that promote economic development by financing small businesses or small farms, or activities that revitalize or stabilize low and moderate-income geographies. However, in order to qualify as a community development loan, the loan must not be reportable as a home mortgage or small business loan, unless it is for a multi-family dwelling (five or more units).

Refer to the following.

Qualified Community Development Lending Activity		
Loan Description	Number Of Loans	Dollar Volume Of Loans (000s)
Multi-Family Affordable Housing Loans	3	1,348
Loans to Nonprofit Organizations	1	2,500
All other Loans	1	125
Grand Total	5	3,973

Source: CRA data collection and bank records

Country Bank for Savings' community development lending provided 58 units of affordable housing and a 16 single room occupancy facility within its assessment area. The bank also provided a Line of Credit to a local, non-profit health care facility and a term loan to a homeowners association of which 60.0 percent of the occupied households are of low and moderate income.

In addition, Country Bank for Savings' financed \$1,312,000 in community development loans which provided 64 units of affordable housing and financed a \$140,000 mortgage to a group home, all of which although outside the bank's assessment area, are located in Western Massachusetts.

V. Innovative or Flexible Lending Practices

Country Bank for Savings participates in loan programs aimed at meeting the credit needs of low and moderate-income homebuyers and small businesses. These programs are detailed below.

Soft-Second Loan Program

The Soft-Second Loan Program was developed by the Massachusetts Housing Partnership Fund, the Massachusetts Bankers Association, and community organizations and government entities.

The purpose of the program is to increase affordable homeownership opportunities to low and moderate-income, first-time homebuyers by allowing them to get two mortgages. The first mortgage represents 75 percent of the purchase price. The “soft second” mortgage, which contains a subsidized payment over the first ten years, represents 20 percent; and the remaining 5 percent comes from the buyer’s down payment. No private mortgage insurance is required. Under this program Country Bank for Savings originated 13 loans totaling \$901,018 for the period under review.

Guaranteed Rural Housing Loan Program

The Farmers Home Administration (FmHA) Guaranteed Rural Housing Loan Program allows low and moderate-income families to purchase single family, owner-occupied homes or condominiums in rural areas with no down payment, and no private mortgage insurance required. FmHA provides a federal guarantee on 100 percent of the first 35 percent of the loan and an 85 percent guarantee on the balance thereafter. The program accepts qualifying ratios of 29%/41%; and the loans are saleable to Fannie Mae. For the period reviewed, the bank originated 10 loans totaling \$821,090 under this program.

MassHousing Municipal Mortgage Program (MassHousing)

In 2001, Country Bank for Savings pledged \$3 million to this program. MassHousing offers lenders mortgage insurance coverage that allows for mortgages to be written for 100 percent of value on a single family home or condominium, or 97 percent of value on a two-four family property. These loans are offered to any full-time salaried employee of a city or town, buying a home in the city or town where they are employed. The combined household income of the employee cannot exceed 135 percent of the median income of the respective city or town. Eligible borrowers must show minimum cash savings of \$500 or 1 percent of sales price. In 2002, Country Bank for Savings originated 2 loans totaling \$269,325 under this program.

Other

Although no loans were generated under these programs, Country Bank for Savings continues to offer them. They include:

Rural Housing Service Participation Loan Program

Hampden Hampshire Housing Partnership, Inc., (HAP), a local Community Development Corporation, works with Country Bank for Savings and the Rural Housing Service to administer a Participation Loan Program under the Rural Development (RD) Rural Home Loan Partnership Initiative (RHLP). RD and Country Bank for Savings entered into an agreement to administer this program on March 26, 1999. The program is intended to provide affordable housing to very low and low-income first time homebuyers in the Town of Ware.

Housing Preservation Grant

In March 1999, the bank committed up to \$50,000 in below market rate financing to the Housing Preservation Grant for the Town of Hardwick. The fund matches loans of up to \$7,500 to qualified individuals for the rehabilitation of investor-owned housing for low and moderate-income persons.

Country Bank for Savings continues to offer financing at a .50 percent discount off its normal owner-occupied home improvement rates.

Community Development Grant Fund

Country Bank for Savings continues to offer below market rate financing under the Community Development Grant Fund for the Town of Ware. The purpose and terms of the fund are the same as described above.

Small Business Administration (SBA) Loans

In addition to Country Bank for Savings' own small business loan products, the bank is also a SBA Certified Lender.

Community Development Advances

In 2002, Country Bank for Savings received approval from the Federal Home Loan Bank a \$10 million dollar commitment of a Community Development Advance (CDA) for the purpose of economic development initiatives. In addition, the bank was approved for an \$8.6 million advance under this same program for the purposes of mortgage lending. Both CDA programs provide funding for residential, multifamily, rental, and cooperative mortgages as well as nonresidential community economic development loans under specified guidelines.

VI. Fair Lending Policies and Practices

A review of Country Bank for Savings' Mortgage Fair Lending policies and practices was conducted. The following is a discussion of this review.

Country Bank for Savings' loan policy prohibits discrimination based upon the Equal Credit Opportunity Act's including the processing and underwriting of applications.

Country Bank for Savings offers fixed and adjustable rate mortgage loans, which are underwritten to the Federal Home Loan Mortgage Corporation's (FHLMC's) secondary market guidelines. The maximum mortgage term is 30 years with a maximum LTV (loan to value) of 95% for purchases and no cash-out refinances. PMI (private mortgage Insurance) is required for all loans with an LTV in excess of 80%. In addition to a standard 1-year ARM, Country Bank offers a convertible mortgage product, which is a 1-year ARM with a fixed rate 5-year conversion option.

Country Bank for Savings employs a total of 235 individuals including 12 bilingual employees, of whom one-third are bilingual in Portuguese. Other second languages spoken include Polish, Spanish, and Chinese. Fair lending training is provided to employees through regular staff meetings and in-house seminars. Officers also attend the Massachusetts Bankers Association's seminars in areas related to their responsibilities.

The bank's senior lending officers, within the residential, consumer, and commercial loan departments, function as the second reviewer on denied and withdrawn applications. The bank's internal controls and fair lending compliance oversight include the mapping and analysis of HMDA data; periodic analysis of interest rates charged on dealer originated auto loans, and a review of loan application and adverse action notices for technical compliance with the ECOA.

Minority Application Flow

As of the 1990 census, Country Bank for Savings' assessment area contained 121,203 individuals, 2,717 or 2.2 percent of whom are minorities. The assessment area's minority population was 0.2 percent Native American, 0.6 percent Asian, 0.5 percent Black, and 0.9 percent Hispanic.

For the period reviewed, the bank received a total of 23 HMDA reportable applications from various minority groups, representing 1.6 percent of all applications received from within its assessment area. The 2000 HMDA aggregate data indicated 2.8 percent of all the residential applications from within the assessment area were to minority applicants.

Refer to the following.

MINORITY APPLICATION FLOW									
Race	2000 Aggregate Data (% of #)	Bank 2000		Bank 2001		Bank 2002*		Bank Total	
		#	%	#	%	#	%	#	%
Native American	0.1	0	0.0	4	0.5	1	0.4	5	0.4
Asian	0.3	1	0.3	1	0.1	0	0.0	2	0.1
Black	0.5	0	0.0	1	0.1	1	0.4	2	0.1
Hispanic	0.9	0	0.0	0	0.0	0	0.0	0	0.0
Joint Race	0.0	3	1.1	7	0.8	2	0.6	12	0.9
Other	0.3	0	0.0	2	0.3	0	0.0	2	0.1

Total Minority	2.8	4	1.4	15	1.8	4	1.4	23	1.6
White	60.7	287	98.6	824	97.2	270	94.7	1,381	97.0
NA	36.5	0	0.0	9	1.0	11	3.9	20	1.4
Total	100	291	100	848	100	285	100	1,424	100

Source: PCI Services, Inc., CRA Wiz Software.

*Through July 20, 2002.

Although somewhat below aggregate percentages the bank's level of attracting minority applicants is considered to be reasonable.

In conclusion, Country Bank for Savings' record of implementing its fair lending policies and practices is considered satisfactory.

VII. Loss of Affordable Housing

This criterion evaluates whether or not a financial institution has engaged in systematic lending patterns resulting in the loss of affordable housing.

Based upon the analysis of Country Bank for Savings' lending activity, products, and fair lending practices, there is no evidence that the institution's lending patterns show any undue concentration or systematic pattern of lending resulting in the loss of affordable housing units.

INVESTMENT TEST

Given its commitment to area organizations within the assessment area, Country Bank for Savings' performance under the Investment Test is considered to be "High Satisfactory". Refer to the following.

As defined under the CRA regulation, a qualified investment is a lawful investment, deposit, membership share or grant that has community development as its primary purpose. Community development includes affordable housing for low and moderate-income individuals, community services targeted to low and moderate-income individuals, activities that promote economic development by financing small businesses or small farms, and activities that revitalize or stabilize low and moderate-income geographies. In recognition of the many legal limitations on bank investments, and the long-term nature and complexity of many community development investments, the CRA regulation allows some reasonable consideration for the entire bank portfolio of qualified investments; not just those made since the previous CRA examination. The following describes the institution's qualified investments.

Charitable Contributions

Country Bank for Savings has taken a leadership role in providing contributions to organizations that provide education and training, neighborhood revitalization, youth programs, and health and human services for individuals in need, and support business growth and development. In some instances, these contributions were substantial, multi-year commitments. For calendar year 2000, the bank provided \$182,117 in corporate contributions, \$133,725 or 73.4 percent of which was in support of programs that promote community development. This level of qualified contributions represented 1.7 percent of the bank's net income for the period. For calendar year 2001, the bank provided \$421,042 in contributions, \$383,501 or 91.1 percent was considered qualified representing 4.8 percent of net income. For the interim period through June 30, 2002, the bank provided \$93,653 in contributions, \$83,481 or 89.1 percent were considered qualified representing 1.9 percent of net income.

The following provides examples of the bank's qualified investments.

In 2001, Country Bank for Savings made a substantial donation to the twenty public libraries located within its assessment area. This donation represents an essential financial support mechanism to these institutions, some of which would not have the ability to remain open to the public without such financial support. Since many of the beneficiaries of public library programs within the assessment area are considered to be of low to moderate-income, these donations have been determined to be qualified under the CRA guidelines.

In 2002, the bank made a multi-year commitment to Goodwill Industries of the Springfield/ Hartford Area, Inc., a non-profit organization that actively assists people with disabilities and other needs to expand their vocational and independent living skills.

Country Bank for Savings' continues to be a strong supporter of Wing Memorial Hospital and Medical Centers in Palmer and the Mary Lane Hospital in Ware. Both of these institutions provide in-patient and out-patient services, the majority of which are provided to patients who are considered to be of low and/or moderate-income.

In 2002, the bank made a significant, in-kind, contribution to Valley Human Services Inc., an organization that provides nutrition, childcare, and counseling services for low and moderate-income families.

Country Bank for Savings annually makes donations to Brightside Inc., a regional facility that assists troubled, disadvantaged, and/or abused youths.

The bank contributes to organizations that provide social services, emergency aid and assistance to families in need such as: the United Way of Central Massachusetts; the American Red Cross; the Leicester Nutritional Program; the Hampshire Community Action Commission; the Food Bank of Western Massachusetts Inc.; and numerous churches and religious affiliated food pantries.

Country Bank for Savings has made donations to various credit counseling organizations that provide credit-counseling services to low and moderate-income individuals either by direct contributions or by payments waived by the bank. Such organizations include the Consumer Credit Counseling Service of Massachusetts, Genus Credit Management, and Debt Management Association.

In addition, Country Bank for Savings' continues to provide college scholarships annually to high schools in its assessment area. Such scholarships are based upon an academic record and a financial need.

SERVICE TEST

Country Bank for Savings' performance under the service test is considered to be superior. Consequently, a rating of "Outstanding" is assigned. Refer to the following.

The Service Test evaluates an institution's record of helping to meet the credit needs of its assessment area by analyzing both the availability and effectiveness of an institution's systems for delivering retail banking services and the extent and innovativeness of its community development services. The following describes Country Bank for Savings' services.

RETAIL BANKING SERVICES

Distribution of Branches

Country Bank for Savings currently maintains eleven full service offices and has 235 employees. The bank's Main Office is located at 75 Main Street in Ware, Massachusetts. All branch offices are located in middle-income census tracts, with the exception of the branch office in Wilbraham, which is located in an upper-income census tract.

The bank establishes its banking hours at each branch location based on analysis of peak-time, transaction volume, and the needs of the surrounding community. With the exception of the main office, all other locations have extended operating hours either on Thursday or Friday nights as well as Saturday mornings. It should be noted that the bank's Wal-Mart branch in Ware and the newly opened branch in the "Big Y" supermarket in Ludlow are open on Sundays from 10:00 a.m. to 2:00 p.m. in addition to their extended weekday and Saturday hours. Drive-Ups are open and available at seven of the bank's branches one hour earlier than the lobbies. The bank provides ATMs at all locations and also operates three other non-branch ATMs.

Record of Opening and Closing Branches

Country Bank for Savings maintains a Branch Closing/Relocation Policy. The policy meets regulatory requirements concerning branch closing notices and procedures.

On January 14, 2002, the bank opened a branch in the "Big Y" supermarket at 425 Center Street in Ludlow. The bank has not closed any office in the past two calendar years.

Alternative Retail Banking Services

The bank maintains ATMs at all of its full-service offices, and operates three additional freestanding ATMs. The ATMs are linked to the CIRRUS, NYCE, PLUS and SUM networks and are offered free of charge. In addition, Country Bank for Savings offers its customers unlimited usage at both proprietary and non-proprietary ATMs.

Country Bank for Savings offers its customers a free bank by mail program, in which postage is paid by the bank thus allowing the customer to complete transactions by mail. The bank offers "Country 24 Bank By Phone", a 24-hour program which allows customers to access the bank's voice response system to make inquiries, transfer funds between accounts, make loan payments, etc. The system provides the customer a series of options and steps to follow. The phone number is toll free. In addition, the bank offers a separate, toll-free, Customer Information number for customers to contact the bank during business hours.

Country Bank for Savings offers "CountryBank@Home" Internet service. This service allows customers to check account balances, transfer between accounts, make loan payments, and view statements. In addition, "CountryBank@Home" service allows customers to automatically pay bills either by the single, variable payment option, or regularly scheduled monthly payments, free of charge.

Other Retail Services

Country Bank for Savings offers both a checking account and savings account which comply with MCBC Basic Banking for Massachusetts program guidelines by offering checking and savings accounts to the general public with no minimum balance requirement and no monthly fees.

The bank is a participant in the voluntary check-cashing program and in the public assistance Direct Deposit program. The Direct Deposit program was developed to assist customers who are receiving Federal and/or State government recurring benefits, and are unable to maintain minimum balances.

In January 1996, the bank became involved in the Massachusetts Treasurer's "Savings Makes Sense" program. The goal of this program is to teach children the basics of how to manage their money. Currently Country Bank for Savings participates with elementary schools in the towns of Brimfield, Wales, Holland, Hardwick, and West Brookfield.

COMMUNITY DEVELOPMENT SERVICES

Federal Home Loan Bank Application:

In September 2000, Country Bank for Savings re-submitted an application to the Affordable Housing Program of the Federal Home Loan Bank on behalf of the South Middlesex Opportunity Council, Inc. (SMOC). SMOC is a private nonprofit corporation that operates as a Community Action Agency throughout Massachusetts. In 1999, SMOC was awarded the funds initially applied for by Country Bank for Savings. SMOC was, however, unable to take possession of the property described in the application. Subsequently, the property became available and the bank re-applied on behalf of SMOC. The acquired property is to be used as a 16 room, single room occupancy facility located in Palmer. Country Bank for Savings also provided a Community Development Loan to facilitate this project.

Trustee and Officer Involvement

Country Bank for Savings' officers and trustees are involved with many community organizations, which directly address economic and affordable housing development issues and to which bank representatives lend their technical expertise and experience.

Following are some examples.

Town of Ware Community Development (WCD): A bank trustee and Board of Investment member serves on the WCD board. WCD is a non-profit agency that assists small businesses that cannot obtain credit from financial institutions. Another trustee and Board of Investment member serves on this organization's Small Loan Fund Committee.

Quaboag Valley Community Development Corporation (QV CDC): The QV CDC undertakes projects and activities serving low and moderate-income individuals in the Quaboag Valley. A Country Bank for Savings' trustee and Board of Investment member serves on the Board of Directors and as Vice President of the QV CDC. Another bank trustee and Board of Investment member serves as Chairman of the CDC and on its small loan fund. Another bank trustee is also on the QV CDC board. A Country Bank for Savings' Senior Vice President of Commercial Lending is also a member.

Quaboag Valley Business Assistance Corporation (QVBAC): QVBAC provides business training and technical assistance to start-up and early stage businesses, as well as loans to regional businesses that cannot access comparable financing from private sources. A Country Bank for Savings' trustee and member of the Board of Investment serves as Clerk of the Board of Directors of QVBAC. Another bank trustee also serves on this organization's board. Country Bank for Savings' Senior Vice President of Commercial Lending serves as an Executive Board member and Chairman of the Loan Committee of QVBAC.

Wing Memorial Hospital: A Country Bank for Savings trustee and Audit Committee member serves as a member of the Board of Directors and the Board of Governors of this organization. A bank trustee and Board of Investment member also serves as a member of the Board of Directors, the Board of Governors, and Treasurer.

Country Bank for Savings' President and Chief Executive Officer serves as Chairman of the Board of Wing Health System, Inc. an affiliated organization. A bank trustee and Board of Investment member is also a board member.

Mary Lane Hospital: A bank trustee and Board of Investment member is on the Board of Directors of Mary Lane Hospital and is also a board member of the hospital's Adult Day Health Program. Another trustee is also on the Board of Directors.

Palmer Downtown Partnership: The Palmer Downtown Partnership is a merchant group that supports downtown rehabilitation and development of the Town of Palmer. A bank trustee is a member of this organization.

Greater Worcester Community Foundation: A Country Bank for Savings trustee and Board of Investment member serves on the Board of Directors of the Greater Worcester Community Foundation, the administrator of the endowment funds of Leicester Savings Bank Fund. The Leicester Savings Bank Fund is a charitable endowment created for the benefit of the residents of Leicester, Massachusetts.

Valley Human Services: The bank's Vice President of Operations serves as Treasurer of the Board of Directors of Valley Human Services.

Quaboag Valley Chamber of Commerce: Country Bank for Savings' Vice President of Marketing serves on the Board of Directors of the Quaboag Valley Chamber of Commerce, an organization that promotes business and community development in the Quaboag Valley.

United Way of New England: A bank trustee and Board of Investment member is Vice Chairman of United Way of New England.

Goodwill Industries of the Springfield/ Hartford Area, Inc.: Country Bank for Savings' Senior Vice President and Treasurer serves on the board of this organization.

School to Work Program: The bank's Senior Vice President of Human Resources is a committee member of the School to Work Program.

Junior Achievement: Several Country Bank for Savings' employees teach, on a voluntary basis, a Junior Achievement class at Ware elementary and high school.

Other Community Development Services

Country Bank for Savings participates in the Commonwealth's Interest on Lawyers Trust Account (IOLTA) program. In 2000, the bank sent \$26,217 in interest from IOLTA accounts to the Commonwealth. In 2001, the bank sent \$39,864 in interest from IOLTA accounts to the Commonwealth. Through July 2001, the bank has sent \$12,930 in interest from IOLTA accounts to the Commonwealth. In turn, the Commonwealth distributes these monies to various agencies that provide legal services to lower-income individuals.

Country Bank for Savings maintains community rooms at its West Street in Ware branch, its Main Street in Palmer branch, and its Main Street in Leicester branch. These community rooms are made available, at no charge, to area organizations to hold group meetings or functions. In

addition, the bank has provided postage, printing, and other supplies free of charge, and has assisted some of the area community organizations in their planning of seminars.

EDUCATION SEMINARS AND SERVICES

Bank officers and employees have participated in seminars and events to inform participants of the bank's products and services that help meet the credit needs of the community.

Country Bank for Savings continues to sponsor, in conjunction with HAP, first time homebuyer seminars, on at least an annual basis.

Mortgage lending officers made a presentation at the Mary Lane Hospital. The hospital, as a member of the Baystate Health System, offers incentives to employees to purchase homes within the communities it serves.

Officers of the bank have conducted classes on subjects such as earning credit, credit cards, credit reports, and checking accounts at the Ware High School.

Country Bank for Savings' Performance within the Worcester, Springfield, and non-Metropolitan Statistical Area's (MSA).

Country Bank for Savings' assessment area involves the Worcester, Springfield and non-MSA Areas. Those communities that are located within the Worcester MSA are Brimfield, Wales, Leicester, East Brookfield, West Brookfield, Holland, North Brookfield, and Brookfield. The Worcester MSA contains 34 communities. Country Bank for Savings' assessment area penetration of the Worcester MSA constitutes 26.5 percent. Those communities in the Springfield MSA are Ware, Belchertown, Monson, Ludlow, Palmer, and Wilbraham. The Springfield MSA contains 29 cities and towns. Country Bank for Savings' assessment area penetration of the Springfield MSA represents 20.7 percent. Those communities in the non-MSA are Hardwick, Warren, and New Braintree. The non-MSA contains 69 communities. Country Bank for Savings' assessment area penetration of the non-MSA constitutes 4.4 percent.

Given the modest penetration of Country Bank for Savings' assessment area in the MSA's described above, a separate analysis of the bank's lending, investment, and service test performance within the respective MSA's was not performed.

APPENDIX A

SCOPE OF EXAMINATION

As of the close of business, July 22, 2002, a review of compliance with applicable consumer and fair lending rules and regulations and a CRA examination was conducted at Country Bank for Savings' main office in Ware, Massachusetts. The bank's lending products reviewed at this examination include HMDA reportable loan originations/purchases and small business loan originations. These products were analyzed under the seven major performance criteria: Lending Activity, Geographic Distribution, Borrower Characteristics, Community Development Lending, Innovative or Flexible Lending, Loss of Affordable Housing, and Fair Lending Practices.

In addition, Country Bank for Savings' performance under both the Investment and Service Tests were reviewed.

THE COMMONWEALTH OF MASSACHUSETTS

To the COMMISSIONER OF BANKS:

THIS IS TO CERTIFY, that the report of examination of the

COUNTRY BANK FOR SAVINGS

for compliance with applicable consumer and fair lending rules and regulations and the Community Reinvestment Act (CRA), as of the close of business **JULY 22,2002**, has been read to or by the undersigned and the matters referred to therein will have our immediate attention.

_____	_____
_____	_____
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_____	_____
_____	_____

A majority of the Board of Directors/Trustees

Dated at _____ this _____ day of _____ 20 ____

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (Address at main office)."

[Please Note: If the institution has more than one assessment area, each office (other than off-premises electronic deposit facilities) in that assessment area shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee, which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.

